

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

OF

SADDLEBROOK SUBDIVISION

THIS DECLARATION, made on the ____ day of _____, 2000, by BRYAN PROPERTIES, INC. (hereinafter referred to as "Declarant");

WITNESSETH:

WHEREAS, Declarant is the owner of certain land in Lewisville Township, Forsyth County, North Carolina, which is more particularly described on the map entitled "SADDLEBROOK PHASE ONE" recorded in Plat Book 34 page 146, Forsyth County Registry.

WHEREAS, Declarant proposes to develop said land into a subdivision consisting of lots for sale and appurtenant common areas and therefore desires to subject said land to this Declaration:

NOW, THEREFORE, Declarant hereby declares that all of the land described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title, or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I DEFINITIONS

Section 1. "Association" shall mean and refer to SADDLEBROOK ASSOCIATION, INC., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property herein before described.

Section 4. "Common Area" shall mean all real property owned by the "Association" for the common use and enjoyment of the owners. The Common Area to be owned by the "Association" consists of all land owned by the "Association" for the common use and enjoyment of members.

Section 5. "Lot" shall mean and refer to any lot designated by number on the recorded subdivision map of the Properties referred to above or any subsequently recorded subdivision map of the Properties referring to this Declaration as the same may be amended from time to time.

Section 6. "Declarant" shall mean and refer to BRYAN PROPERTIES, INC., its successors and assigns, if such successors or assigns should acquire more than one undeveloped lot from the Declarant for the purpose of development.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the "Association".

Section 8. "Lot in Use" shall mean and refer to any Lot on which a dwelling unit has been fully constructed and either made ready for occupancy as a dwelling unit, including, without limitation, completion of the installation of the final floor covering, interior paint and wallpaper and all appliances or for which a certificate of occupancy has been issued by the County Building Inspector. In addition to the foregoing, a Lot may become a Lot in Use by contractual agreement between the Declarant and the Owner of such Lot.

ARTICLE II PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the "Association" to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the "Association" to suspend the voting rights and right to use of the recreational facilities by an owner for any period during which any assessment against his lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(c) the right of the "Association" to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed by the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded; provided, however, that no membership vote shall be required with respect to easements granted by the "Association" pursuant to Article VIII hereof.

(d) the right of the "Association" to limit the number of guests of members;

(e) the right of the "Association", in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Area and facilities and in aid hereof to mortgage said property, and the rights of such mortgagee in said properties shall be subordinate to the rights of the homeowners hereunder.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Title to Common Area. The Declarant hereby covenants for itself, its successors, and assigns, that it will convey fee simple title to the Common Area to the "Association", free and clear of all encumbrances and liens except utility easements and the easements, restrictions, covenants and condition set forth herein. Further, if ad valorem taxes for the current year have been separately assessed against the Common Area, the same shall be prorated between Declarant and the "Association" as of the transfer date; otherwise such taxes shall be paid by Declarant.

Section 4. TV Antennas. The "Association" may provide one or more central television antennas or satellite dishes for the convenience of the members and the cost of these may be included in annual or special assessments. The "Association" may regulate or prohibit the erection of television antennas and other communications devices on individual lots.

No residence shall have more than one (1) standard television or radio antenna, which antenna shall be actually attached to the residence. Television or radio reception "discs" are specifically not included in the definition of "standard television or radio antenna". No residence shall erect, install or utilize such discs.

Section 5. Additional Restrictions. (a) No residence shall have any outside clothes lines unless the same is installed behind the residence and not easily visible from any roadway. (b) No owner shall park any boat, camper, trailer, commercial truck, tractor, van or similar vehicle on any street within the subdivision or permit the same to be stored or regularly parked upon any lot within the subdivision except in a garage or well-screened enclosure located and constructed in accordance with other provisions of this Declaration. (c) Each lot owner shall provide receptacles for garbage in a screened area not generally visible from the road, or provide underground garbage receptacle or similar facility in accordance with reasonable standards established by the architectural committee as hereinafter defined. (d) No residence shall be built that does not comply with the R-6 setback requirements of the Forsyth County Zoning Ordinance which shall be currently in effect.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a Lot which is subject to assessment shall be a Member of the "Association". Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The "Association" shall have two classes of voting membership:

Class A. Class A Members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B Member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership, but provided that the Class B membership shall be reinstated if thereafter,

and before the time stated in Subparagraph (b) below, additional lands are annexed to the Properties pursuant to Article VII, Section 2, below and as the result of such annexation, the Declarant, and its successors and assigns, own more than one-fourth (1/4) of the total Lots subject to this Declaration;

(b) on December 31, 2000.

ARTICLE IV COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Notwithstanding any provision or inference herein to the contrary, the assessment for each Lot which is not a Lot in Use shall be twenty-five percent (25%) of the assessment of a Lot in Use. The owner of a Lot in use, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, shall be deemed to covenant and agree to pay to the "Association" (1) annual assessments or charges which are common expenses, (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided, and (3) to the appropriate governmental taxing authority, a pro rata share of ad valorem taxes levied against the Common Area and a pro rata share of assessments for public improvements to the Common Area if the "Association" shall default in the payment thereof for a period of six (6) months, all as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest, costs, and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due and shall not pass to his successors in title as a personal obligation unless expressly assumed by them, regardless of the fact that it is a lien on the property purchased.

Section 2. Purpose of Assessments. The assessments levied by the "Association" shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties, to maintain, improve and operate the Common Area, and improvements thereon as herein provided and to administer the "Association's" affairs, such uses to include (but not be limited to) the cost of repairs, replacements and additions to the Common Area, the cost of labor, equipment, and materials related to the operation of the common Area, the cost of management and supervision of the "Association's" affairs, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the By-Laws, the employment of agents, attorneys, accountants, consultants and others to represent, advise or assist the "Association" when necessary, and such other needs as may arise.

Section 3. Maximum Annual Assessment. Until December 31, 1992, the annual assessment shall be thirty dollars (\$30.00) per Lot. Thereafter, such assessment shall be established (and increased or decreased from time to time) by the Board of Directors of the "Association" in accordance with the following provisions:

(a) Until Declarant's Class B membership in the "Association" ceases and is converted to Class A membership pursuant to Article III hereof, the annual assessment may be increased each year by not more than ten dollars (\$10.00) per Lot above the assessment for the previous year without a vote of the membership, but the annual assessment may not be increased during any such year by more than ten dollars (\$10.00) per Lot unless such increase has been approved by a vote of a majority of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

(b) After Declarant's Class B membership in the "Association" ceases and is converted to Class A membership pursuant to Article III hereof, the annual assessment shall be established (and increased or decreased from time to time) by the Board of Directors of the "Association" without a vote of the membership.

(c) If Declarant's Class B membership terminates, but is thereafter reinstated as provided in Article III hereof, then the limitation upon annual increases in such assessments without a vote of the membership shall likewise be reinstated.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the "Association" may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto. If any such assessment exceeds fifty dollars (\$50.00) per Lot, then such assessment shall have the assent of a majority of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose; otherwise, such assessment shall be approved by the Board of Directors of the "Association" without a vote of the membership.

Section 5. Notice and Quorum for Any Action Authorized Under Section 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 4 of this Article shall be sent to all Members not less than 10 days nor more than 50 days in advance of the meeting. At the first such meeting called, the presence of Member or of proxies entitled to cast fifty percent (50%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required

quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 50 days following the preceding meeting.

Section 6. Assessment Rate. Both annual and special assessments must be fixed at a uniform rate for all Lots; provided, however, that so long as any Lot owned by Declarant is unoccupied as a residence, the amount of the assessment for each lot shall be ten percent (10%) of the regular assessment for other Lots. Assessment may be collected on an annual basis.

Section 7. Loans from Declarant. If the funds available to the "Association" from annual assessments are not sufficient to defray reasonable expenses incurred by the "Association" pursuant to Section 2, Article IV hereof, then subject to the terms, conditions and limitations hereinafter set forth, Declarant shall lend sufficient additional funds to the "Association" to enable it to defray such expenses. Such obligation of Declarant, shall, however, be subject to the following terms, conditions and limitations:

- (a) Maximum Loan. Declarant's obligation hereunder shall be limited to loans which do not exceed amounts which Declarant would pay if the assessments against its unoccupied Lots were 100% of the regular assessments for other Lots and such obligation shall be further reduced to the extent Declarant has paid assessments against its unoccupied Lots in an amount equal to ten percent (10%) of the regular assessment for other Lots.
- (b) Existence of Obligation. Declarant's obligation to make such loans shall exist only while its Class B membership in the "Association" exists. Specifically, such obligation shall terminate when its Class B membership terminates and shall be reinstated thereafter only for periods during which Declarant's Class B membership is reinstated.
- (c) Type Loan. Such loans shall be unsecured, shall not bear interest, and shall not be repaid except as provided herein.
- (d) Repayment. Such loans may be partially or completely repaid from time to time when the "Association" possesses funds in excess of its reasonable needs.
- (e) Maturity Date. Such loans shall in any event become due and payable one year after Declarant's Class B membership in the "Association" terminates; provided, however, that if Declarant's Class B membership is reinstated within such one year period, then such maturity date shall be extended (one or more times) until one full year has passed during which Declarant has not been a Class B Member. On or before the due date, the "Association" shall use all funds available to it after payment of reasonable expenses incurred during such year to repay any then outstanding loans made to the "Association" by the Declarant. If the funds available to the "Association" at that time are not sufficient to repay such loans in full, the balance of such loans, after making payment of all sums available to the "Association", shall be contributed to the "Association's" capital by Declarant, and the "Association" shall not have any further obligation to repay such loans.

Section 8. Date of Commencement of Annual Assessments: Due Date. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The "Association" shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the "Association" setting forth whether the assessments on a specified Lot have been paid, and if not, the amount due.

Section 9. Effect of Nonpayment of Assessments: remedies of the Association. Any assessments not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum. The "Association" may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 10. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage (the term "mortgage" shall include a deed of trust) and ad valorem taxes. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of a first mortgage or foreclosure if a tax lien of any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11. Exempt Property. All properties dedicated to, and accepted by, a local public authority and all properties owned by charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE V ARCHITECTURAL CONTROL

Section 1. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, color, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Declarant or his assignee. In the event said Declarant or his assignee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

Section 2. Declarant's or his assignee's right of architectural control and approval shall exist for so long as Declarant owns one or more lot (s) within the subdivision. At such time as Declarant no longer owns one or more lot (s) within the subdivision, the right of architectural control and approval shall pass to the "Association".

Section 3. No split level or split foyer dwellings may be constructed. The exterior of all fireplaces shall be built of brick or must be approved in writing by the Declarant or his assignee or by the "Association" if Declarant no longer has the right of architectural control and approval as provided in Article V, Section 2, herein above. The first sixty feet (60') of each driveway shall be paved with concrete at a width of 10 or more feet. The roof pitch for each house and/or garage shall be 6/12 or greater.

ARTICLE VI USE RESTRICTIONS

Section 1. Rule and Regulations. The Board of Directors of the "Association" shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Areas.

Section 2. Use of Properties. No portion of the Properties (except for temporary office of the Declarant and/or model homes used by Declarant) shall be used except for residential purposes and for purposes incidental or accessory thereto.

Section 3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Properties, nor shall anything be done which may be or may become a nuisance or annoyance to the neighborhood.

Section 4. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats, or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and provided further that the "Association" may make reasonable rules and regulations regarding such household pets.

Section 5. Dwelling Specifications. No dwelling shall be constructed or permitted to remain on any Lot having an area of the main structure, exclusive of open porches and decks, of less than 1,800 square feet. The entity having the right of architectural control and approval may, however, permit a variance of up to 10 percent (10%) of the minimum square footage amount.

ARTICLE VII EXTERIOR MAINTENANCE

Section 1. Exterior Maintenance. In addition to maintenance on the Common Area and after thirty (30) days written notice to any Owner which shall specify the required maintenance, the "Association" shall have the right but not the obligation to provide (a) maintenance upon the vacant Lots, and (b) maintenance upon every improved Lot which is subject to assessment under Article IV hereof. In order to enable the "Association" to accomplish the foregoing, there is hereby reserved to the "Association" the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article. Such maintenance shall include, but is not limited to, painting, repair, replacement and care of roofs, gutters and downspouts, and exterior

improvements on any living unit. Such maintenance as to a vacant Lot may include, but is not limited to, the mowing of grass and weeds, the trimming of shrubs, and the removal of trash and litter.

Section 2. Assessment of Cost. The cost of any such maintenance shall be assessed against the Lot upon which such maintenance is done and shall be added to and become part of the annual assessment or charge to which such Lot is subject, and, as part of such annual assessment or charge, it shall become a lien against any such Lot or Lots as heretofore defined and limited, and a personal obligation of the Owner, and shall become due and payable in all respects as provided herein.

ARTICLE IX ANNEXATION

Section 1. Declarant, in its sole discretion, may add additional land to the subdivision. However, any additional land so annexed will be subject to the same restrictions as apply to that certain property which is more particularly described on the map entitled "SADDLEBROOK, PHASE ONE" as referenced on page one of this Declaration.

ARTICLE X EASEMENTS

Section 1. Easements for installation and maintenance of utilities and drainage facilities are reserved, as shown on the recorded plat.

ARTICLE XI GENERAL PROVISIONS

Section 1. Enforcement. The "Association", or any Power, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the "Association" or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no way affect any provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive period of ten (1) years. This Declaration may be amended in any of the following manners:

(a) An amendment may be proposed by the Board of Directors with the affirmative written consent of two-thirds (2/3) of the votes of each class of members. Such amendment shall be executed by the "Association", shall contain a certification by an officer of the "Association" that two-thirds (2/3) of each Class of members have consented to such amendment in writing, shall refer to the volume and page in which this instrument (and any supplemental Declaration) is recorded and shall become effective upon recordation. Provided, however, the foregoing provisions shall not apply to amendments hereto executed by Declarant to annex additional land pursuant to Article XI hereof.

(b) This Declaration may be amended prior to January 1m 1994, by the Declarant with permission of the Board expressed in writing, and thereafter by the procedure set forth in subparagraph (a) herein above; provided, however, that no amendment shall alter any obligation to pay ad valorem taxes or assessments for capital improvements as herein provided, or affect any lien for the payment thereof as established herein. Provided, Declarant may, without any meeting, approval or joinder of any other Owner, amend this Declaration to meet requirements imposed by mortgage insuring entities, including, but not limited to, the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Housing Authority or the Veteran's Administration.

If so approved, any such amendment of the Declaration shall be transcribed and certified by the President and Secretary of the Association after having been duly adopted and approved by the requisite percentages of Members and Lenders or as set forth in subparagraph (b) herein above. The original or an executed copy of such Amendment so certified and executed by said officers with the same formalities as a deed shall be recorded in the Forsyth County Registry, and no such Amendment shall be effective until so recorded. If any Amendment to the Declaration creates an inconsistency in the Bylaws, the Declaration shall control to the extent such inconsistency exists.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed by its duly authorized officers and its corporate seal affixed hereto, all as of the day and year first above written.

BRYAN PROPERTIES, INC.

By: _____
President

ATTEST:

Assistant Secretary

NORTH CAROLINA, FORSYTH COUNTY

I, _____, Notary Public, do hereby certify that _____ personally appeared before me this day and acknowledged that she is Assistant Secretary of BRYAN PROPERTIES, INC., and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by her as its Assistant secretary. Witness my hand and official seal, this the _____ day of _____, 2000.

Notary Public
My commission expires:

NORTH CAROLINA, FORSYTH COUNTY

The foregoing certificate of _____, is certified to be correct. This the _____ day of _____, 2000.

By: _____ Assistant/Deputy